

Message Text

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ACTION EB-07

INFO OCT-01 AF-08 ARA-06 EUR-12 EA-07 IO-13 ISO-00 SSO-00

NSCE-00 USIE-00 INRE-00 L-03 FRB-03 OMB-01 ITC-01

SP-02 AGR-05 AID-05 CIAE-00 COME-00 INR-07 LAB-04

NSAE-00 OIC-02 SIL-01 STR-04 TRSE-00 CIEP-01 CEA-01

AGRE-00 NEA-10 OPIC-03 INT-05 GSA-01 FEA-01 /114 W
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O R 241812Z SEP 76

FM USMISSION OECD PARIS

TO SECSTATE WASH DC IMMEDIATE 3518

INFO AMEMBASSY CANBERRA

AMEMBASSY KINSHASA

AMEMBASSY JAKARTA

AMEMBASSY LIMA

AMEMBASSY LUSAKA

AMEMBASSY OTTAWA

AMCONGEN PORT MORESBY

AMEMBASSY SANTIAGO

USMISSION GENEVA

C O N F I D E N T I A L OECD PARIS 28093

EB/ISM FOR ASHLEY HEWITT

E.O. 11652: GDS

TAGS: EMIN, CI

SUBJECT: UNCTAD PREPARATORY MEETING ON COPPER

1. US COPPER DELS (MACONE AND BENTON) MET MORNING
SEPTEMBER 23 WITH CHILEAN REP PABLO GONDONNEAU AND OVER
LUNCH WITH CIPEC EXECUTIVE DIRECTOR GUERONIK (HOST),
CANADIAN REP EARL STEWART, CANADIAN DEPT. TRADE AND
COMMERCE, ACCOMPANIED BY TOM BERNES OF CANADIAN MISSION
OECD AND GEOFFREY HALL OF AUSTRALIAN MISSION OECD. BOTH
MEETINGS CONFIRMED STRONG SENTIMENT AMONG MAJOR EXPORTERS,
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WITH EXCEPTION OF PERU, IN FAVOR OF PLACING COPPER DIS-

CUSSION BACK ON MARCH TRACK. ON SUBSTANTIVE QUESTION OF CONSIDERING POSSIBLE COMMODITY AGREEMENT LATER CANADIANS CONFIDED THEIR VIEW THAT AUSTRALIANS FAVOR CANADIAN GO SLOW APPROACH BUT GUERONIK PERSONALLY WANTS TO PUCH FASTER. GONDONNEAU'S VIEWS ON THIS ISSUE NOT CLEAR.

2. IN GONDONNEAU'S ASSESSMENT OF LAST WEEK'S CIPEC MEETING ZAMBIA, ZAIRE AND INDONESIA SHARE HIS AND AUSTRALIANS' VIEW THAT PERMANENT, AUTONOMOUS PRODUCER CONSUMER FORUM WITH SOME AS YET UNSPECIFIED RELATIONSHIP TO UNCTAD SHOULD BE SET UP SOONEST AND COPPER TALKS SHIFTED TO THAT FORUM AWAY FROM POLITICALLY CHARGED ATMOSPHERE OF UNCTAD INTEGRATED PROGRAM MEETINGS. HE WAS NOT CERTAIN WHERE MAURETANIA AND PAPUA NEW GUINEA STAND. ONE OF PERU'S PRINCIPAL ARGUMENTS APPEARS TO BE THAT COPPER EXPORTERS SHOULD LATCH ON TO RICHES OF COMMON FUND WHICH ONE CIPEC MEMBER (UNIDENTIFIED) SAID ALREADY HAS ONE BILLION DOLLARS AT ITS DISPOSAL. GONDONNEAU CONVINCED ALL THIS IS SHEER NONSENSE. HOWEVER, HE EMPHASIZED IT IS OUT OF QUESTION POLITICALLY FOR CHILE TO TAKE LEAD IN SWITCHING COPPER TALDS TO MORE SENSIBLE TRACK AND INQUIRED WHETHER US COULD OBLIGE. HE ALSO NOTED CHILE DEEPLY INTERESTED IN AVOIDING THEOLOGY AND PURSUING TALKS ON TECHNICAL BASIS.

3. US SIDE ASSURED HIM OF OUR DESIRE AND READINESS TO CONTINUE NEEDED TECHNICAL DISCUSSIONS AND AGREED MARCH CONSULTATION'S CONCLUSIONS WERE THE LOGICAL AND FRUITFUL WAY TO APPROACH COPPER PROBLEM, CITING ANALYTICAL EFFORTS ALREADY UNDERWAY IN WASHINGTON. WE NOTED POSSIBILITY THAT A US LEAD MIGHT BE SEEN AS CONFRONTATIONAL AND THUS COUNTERPRODUCTIVE BUT DID NOT CLOSE DOOR. WE STRESSED NEED FOR FURTHER INFORMAL CONTACTS IN GENEVA. AT OUR URGING GONDONNEAU UNDERTOOK TO DISCUSS WITH AUSTRALIA POSSIBILITY OF ITS TAKING LEAD AMONG EXPORTERS TO GET COPPER TALKS BACK ON RIGHT TRACK AND PROMISED MAINTAIN CONTACT WITH US DEL IN GENEVA.

4. IN FURTHER REMARKS GONDONNEAU VOICED INTEREST IN CONFIDENTIAL

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ACHIEVING ADEQUATE PRICE LEVELS AS WELL AS REDUCING FLUCTUATIONS, ALTHOUGH IN CONNECTION US REMARK THAT US INDUSTRY HAD VOLUNTARILY SACRIFICED PRODUCTION TO PREVENT FURTHER PRICE FALL IN 1975, HE NOTED THAT CHILE WAS OPPOSED TO PRODUCTION CUT BACKS. US SIDE NOTED IMPROVING MARKET STABILITY IN EFFECT IMPLIES PRICE LEVELS WILL NOT GO AS LOW OR HIGH AS OTHERWISE.

5. AT AFTERNOON MEETING, NOTHING MENTIONED ABOUT INDIVIDUAL CIPEC COUNTRY STANDS. GUERONIK SEEMED TO BE TAKING MIDDLE OF RANGE OF CIPEC COUNTRY VIEW ALTHOUGH IN RESPONSE TO LATER PRIVATE INQUIRY CANADIAN OPINED GUERONIK'S VIEWS ALSO REFLECTED PERSONAL BENT. IN SUM, GUERONIK STARTED FROM PERMISE THAT NAIROBI RESOLUTION NOW MUST BE GIVEN EQUAL WEIGHT WITH MARCH CONSULTATION. HE APPARENTLY WOULD SETTLE FOR IMMEDIATE ESTABLISHMENT BY SEPTEMBER PREPARATORY MEETING OF A WORKING PARTY WITH TWO PRINCIPAL TASKS, I.E., TO CONSIDER UNCTAD BUFFER STOCK PROPOSAL (QUOTE FEASIBILITY STUDY UNQUOTE) AND ALSO PURSUE ESTABLISHMENT OF PRODUCER CONSUMER FORUM. HE WAS NOTICEABLY FUZZY ON QUESTIONS OF PRIORITY OF LATTER, ITS PERMANENCE (QUOTE NOTHING IS PERMANENT UNQUOTE), ITS AUTONOMY OR COMPLETE VALIDITY OF CONSULTATION'S WORK PROGRAM.

6. US SIDE THEREUPON STRONGLY DEFENDED LOGIC OF MARCH WORK PROGRAM, INDICATING UNCTAD PROPOSAL COULD BE VIEWED AS ANOTHER STUDY ADDED TO CATALOG. US SIDE CONCEDED IT MIGHT BE DIFFICULT TO PUT OFF ALL STUDIES UNTIL AFTER FORMATION OF PRODUCER-CONSUMER FORUM BUT THIS MIGHT NOT MATTER SINCE IT WAS LIKELY A FORUM COULD BE ESTABLISHED IN TIME TO TAKE OVER ANY STUDIES THAT HAD BEEN BEGUN, AND WE ENVISAGED THAT GIVING AUTHORITY TO WORKING GROUP TO UNDERTAKE STUDIES WOULD BE CONTINGENT UPON EVENTUAL ESTABLISHMENT OF A PRODUCER-CONSUMER FORUM UNDER A SPECIFIED TIMETABLE. WE EXPRESSED DEEP CONCERN AT APPARENT DISRUPTION OF MARCH CONSULTATION'S WORK PROGRAM BUT STRESSED US ALREADY HAD DONE CONSIDERABLE HOMEWORK. US SIDE SUGGESTED IMPORTANT CONSIDERATIONS WERE (A) GET COPPER TALKS INTO BUSINESS-LIKE CHANNELS AND MAKE PROGRESS ON BASIS OF MARCH CONSENSUS PARTICULARLY ON CONFIDENTIAL

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PRODUCER-CONSUMER FORUM, BUT (B) AVOID IN THIS PROCESS GIVING UNCTAD ANY CAUSE TO FEAR THAT SUCH STEPS WERE AIMED AT UNDERMINING INTEGRATED PROGRAM. WE STRESSED DELICACY OF PROBLEM AND HENCE ESSENTIALITY OF MAINTAINING CLOSE CONTINUOUS CONTACTS IN GENEVA AMONG ALL THOSE WITH GENUINE INTEREST IN COPPER. ALL EXPRESSED AGREEMENT LATTER POINT AND AUSTRALIAN SIGNIFICANTLY EXPRESSED HOPE GENEVA MEETING WOULD NOT PROCEED ON BASIS OF DISTINGUISHING BETWEEN EXPORTERS AND IMPORTERS, PRODUCERS AND CONSUMERS.

7. AT END AUSTRALIAN AGAIN BROUGHT UP MATTER OF LEGOUX'S BEING CHAIRMAN. US SIDE SAID WE HAD UP TO NOW CONTINUED TREAT LEGOUX AS LEADER IN COPPER TALKS.
TURNER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: COPPER, PLANNING MEETINGS, MEETING DELEGATIONS, MEETING REPORTS
Control Number: n/a
Copy: SINGLE
Draft Date: 24 SEP 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: BoyleJA
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976OECDP28093
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D760361-0652
From: OECD PARIS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760923/aaaaathn.tel
Line Count: 169
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: BoyleJA
Review Comment: n/a
Review Content Flags:
Review Date: 14 APR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <14 APR 2004 by greeneet>; APPROVED <03 AUG 2004 by BoyleJA>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: UNCTAD PREPARATORY MEETING ON COPPER
TAGS: EMIN, CI, US
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006